

Department of Administration

Risk Management & Tort Defense Division

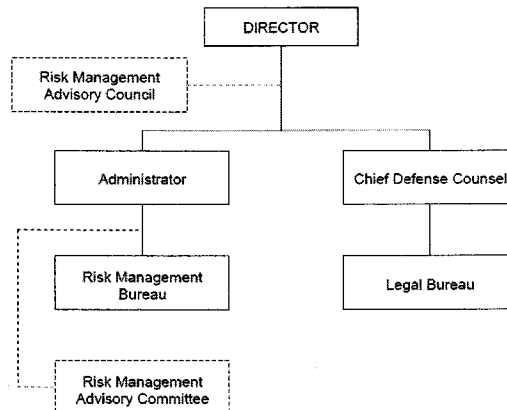
Brett Dahl, Administrator

P: (406)444-3687

E: bdahl@mt.gov

January 2011

Division Structure



Total FTE -16 HB2 FTE - 0

Background

- Administers property/casualty insurance programs for 57 state agencies and 8 universities
- Insure over 3,800 properties, 21,000 state and university employees, and 6,300 vehicles
- Insured property is valued at \$4.3 billion
- Insure over \$200 million in State and university revenue streams (rental properties, parks, tuition, and university facilities).
- Insure cash/securities/financial instruments at 70 locations

3

Background *continued*

- Investigate and resolve claims and tort lawsuits for state agencies and universities
- Receive approximately 700 claims/lawsuits annually
- Resolved over 200 lawsuits in the past 5 years
- Provide consulting and loss prevention services to state and university clients

4

Legal Authority

2-9-201, MCA	Comprehensive insurance plan for state.
2-9-202, MCA	Apportionment of costs -- creation of deductible reserve
2-9-303, MCA	Filing of claims against state and political subdivisions -- disposition by state agency as prerequisite
2-9-305, MCA	Immunization, defense, and indemnification of employees.
17-7-501, MCA	Appropriations – type
39-71-1501...1508, MCA	Worker's Compensation

5

Our Environment

- Large, unpredictable losses that may arise from high risk services provided by state agencies
- Catastrophic events worldwide may lead to unexpected commercial reinsurance premium increases

6

Funding

- Operates an internal service fund
- Funding is authorized in agency budgets each biennium by the legislature
- Proceeds pay claims, purchase insurance, and fund operations
- HB 2 rates: Auto, Aviation, General Liability, and Property

7

Auto Insurance

Insures state vehicles for a wide range of uses including highway maintenance, law enforcement, construction, and employee travel.

Significant liability risk for the state.

Key Accomplishments

- Provided 200 safe driver training courses
- Downward trend in auto liability losses
- Stable premiums

8

Aviation Insurance

Insures state-owned aircraft and airports used for law enforcement, game management, fire fighting, and aerial topography.

Key Accomplishments

- No aviation losses
- Stable premiums

9

General Liability Insurance

Insures state agencies for liability associated with vital and / or high risk functions. Functions include operating prisons, hospitals, universities, highway maintenance and design, and law enforcement.

Key Accomplishments FY09 and FY10

- | | |
|------------------------|------------------------------|
| ▪ 57 lawsuits received | ▪ 65 lawsuits resolved |
| ▪ Stable premiums | ▪ 5 lawsuits tried and 3 won |
| | ▪ 36 lawsuits dismissed |
| | ▪ 24 lawsuits settled |

10

Property Insurance

Insures 3,800 state and university-owned and operated properties with an estimated value over \$4.3 billion including fine art with a market value in excess of \$374 million.

Key Accomplishments

- Responded successfully to 2 catastrophic losses
- Restructured the property insurance program and enhanced coverage
- Stable premiums

11

Priorities

- Investigates and resolves claims consistent with legal and ethical obligations and prepare the remaining cases for summary judgment or resolution at trial
- Maintains financial stability of the state property/casualty insurance fund
- Provides cost-effective, comprehensive property/casualty insurance solutions
- Promotes risk management principles through consultation and training

12

Proposed Rates

2013 Biennium Proposed Rates			
	FY 2010	FY 2012	FY 2013
Auto	1,135,000	1,135,000	1,135,000
Aviation	212,451	212,451	212,451
General Liability	6,750,000	6,750,000	6,750,000
Property	4,200,000	4,200,000	4,200,000
Total	12,297,451	12,297,451	12,297,451

Proposed Rate Change: 0%